

State Corporation Commission

2015 Fiscal Impact Statement

1. Bill Number: HB1936

House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed

Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron: Bell, Robert B.

3. Committee: Commerce and Labor

4. Title: Virginia Life, Accident and Sickness Insurance Guaranty Association.

5. Summary: Virginia Life, Accident and Sickness Insurance Guaranty Association. Increases the maximum amount that the Association may become obligated to cover with respect to the present value of annuity benefits, including net cash surrender and net cash withdrawal values, from \$250,000 to \$500,000 in situations where the annuity was purchased or acquired by the sponsor of an employer's defined benefit pension plan for the benefit of a plan participant, in the course of full or partial termination of a pension plan that prior to such termination was subject to the provisions of the federal Employee Retirement Income Security Act.

6. Budget amendment necessary: No

7. Fiscal Impact Estimates: No fiscal impact on the State Corporation Commission

8. Fiscal implications: None on the State Corporation Commission

9. Specific agency or political subdivisions affected: State Corporation Commission and the Commission's Bureau of Insurance

10. Technical amendment necessary: No

11. Other comments: House Bill 1936 would facilitate the current trend of companies shifting pension obligations under deferred benefit pension plans to insurance companies that issue annuities to employees pursuant to a group annuity contract. The amendments would provide more Guaranty Fund coverage to these employees. As a result, however, members of the Virginia Life, Accident and Sickness Insurance Guaranty Association would be subject to larger assessments resulting from the increase to guaranty fund coverage.

Date: 01/25/15/V. Tompkins

cc: Secretary of Commerce and Trade
Secretary of Health and Human Resources